

**FISCAL NOTE**  
**SB 794 - HB 1122**

February 28, 2001

**SUMMARY OF BILL:** Allows licensed health care providers, such as physicians, dentists, optometrists, pharmacists, etc. to enter into joint negotiations with health insurance companies when the insurer has substantial market power. Negotiations would be allowed on matters such as patient referrals, utilization review, drug formularies, payment schedules, etc. Negotiations would be allowed on fee related matters if the Attorney General finds that a health care insurer has substantial market power over independent health care providers in a given area. Before engaging in negotiations, the attorney general must approve the arrangement if the pro-competitive and other benefits outweigh any anti-competitive effects and the contract terms are consistent with other applicable laws and regulations. Workers compensation and TennCare are exempted from the provisions of the bill.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$227,800 Recurring  
\$27,500 One-Time**

**Other Fiscal Impact - There is no direct impact on health costs to TennCare or the state employee's health insurance program. However, to the extent that joint bargaining by health care providers resulted in increased fees paid to health care providers and health insurers passed increased costs on to all health plans, total expenditures for TennCare, the state employee's health plan and local government employee health plans could increase.**

Assumes a need for:

- four positions and associated expenses in the Office of the Attorney General to administer the act.
- one position and associated expenses in the Department of Commerce and Insurance to make statistical calculations called for in the bill.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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